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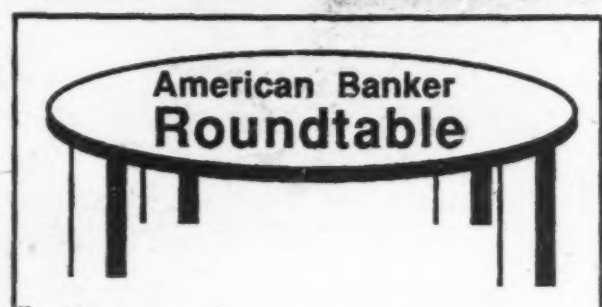
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STATISTICAL REFERENCE INDEX
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TODAY



IN DISNEY WORLD'S SHADOW, four bankers wish upon a star for a world without Glass-Steagall as they discuss views at a funds management conference... 16

CALIFORNIA THRIFT PRICES may soar as a result of Glenfed Inc.'s agreement to acquire Fresno's Guarantee Financial Corp. in a stock swap valued at \$205 million, or about 2.3 times Guarantee's book value, according to analysts... 2

SWIFT — the Society for Worldwide Interbank Financial Telecommunication — has had to announce postponement of its second-phase expanded communications system for the second year in a row. The new system, known as Swift-2 and designed by Unisys, was scheduled to take over from Swift's existing communications system in early 1986... 2

BANK OF BOSTON CORP. said Ira Stepanian will be named chief executive officer of the company and its main subsidiary, First National Bank of Boston, next month... 2

BUSINESS WILL NOT BE affected when BankAmerica sells back to Charles Schwab the discount stockbrokerage bearing his name, a senior executive of Charles Schwab & Co. said, calling the deal a "no-fault divorce"... 2

THOUGH CONTINENTAL ILLINOIS has recovered from its 1984 downfall in several key areas, stock analysts believe the bank is still several years away from a Chrysler-esque turnaround and a corresponding run-up in its stock price... 3

CHASE MANHATTAN BANK will finance the \$70.5 million purchase of Fairfield Manufacturing Co. by Neox Inc., a manufacturing company in Lawrenceville, N.J. 6

FOREIGN BANK LOCATIONS in the top 10 U.S. cities are listed in a corrected table on ... 6

1986 PRETAX PROFITS for Barclays Bank PLC, the second largest of Britain's Big Four clearing banks, totaled 895 million pounds, or \$1.35 billion, an increase of 7% over 1985. Results represented good performances by overseas operations, officials said, but they were negatively affected by the startup costs of its new investment bank, Barclays de Zoete Wedd... 7

A DRAMATIC DROP in Wyoming's oil and gas exploration triggered an economic tailspin that is blamed for the seven bank failures in that state last year. Moreover, more than 40 of the 108 state-chartered banks are not expected to make a profit when the final 1986 figures are posted... 9

KEEPING CURRENT

Executive Changes... 6

In the News... 3

Banks Looking for New Ways To Cope with Third World Debt

By JOHN WHITELAW

NEW YORK — Brazil's suspension of payments on its medium- and long-term foreign bank debt, and growing expressions of solidarity from other Latin American governments, have given new urgency to proposals to speed up bank response to the crisis.

The proposals would essentially give creditor banks a range of options for helping meet the financial needs of the heavily indebted countries, instead of simply contributing or not contributing to new loan packages.

Two proposals have been discussed in the bank steering committees dealing with Chile and Mexico, and according to Washington consultant Norman Bailey, they have been the subject of study by federal bank regulatory agencies.

"The idea is to be able to offer the bank a smorgasbord of options," said Mr. Bailey. Besides lending new money, the options would include interest capitalization, debt-to-equity swaps, interest rate concessions, and securitization of existing debt.

But it isn't likely that the banks would take the initiative. "Unfortunately, they will wait for a move by the Treasury Department or Federal Reserve Chairman Paul A. Volcker," said Mr. Bailey.

Congressional staff sources familiar with the issue agreed that the ball is in the Reagan administration's court. A proposal involving securitization of Third World debt will be a part of this year's trade bill, but the congressional

Banks Seek: Page 15 ➡

Dodd and Schumer Push Bills On Credit Card Rate Disclosure

By JAY ROSENSTEIN

Washington Bureau

WASHINGTON — Sen. Christopher J. Dodd, D-Conn., and Rep. Charles Schumer, D-N.Y., on Thursday unveiled a joint effort intended to help consumers shop for credit cards and to further lower card interest rates.

Under current law, various disclosures are required only when a consumer receives a credit card. The two lawmakers, asserting that consumers need more information on a more timely basis, introduced bills that would mandate disclosures in applications and solicitations.

They suggested disclosing the annual fee "up front," the interest rate on unpaid balances, the method of calculating the balance, and information about the grace period.

The Dodd-Schumer bills are expected to be challenged by the lending community as too costly and burdensome.

While disclosure legislation is preferable to trying to regulate interest rates, an American Bankers Association spokesperson said on Thursday, "our concern now is that proposed legislation avoids making disclosure so complicated that it becomes meaningless to consumers or results in raising the costs of providing consumer credit."

Lenders appear more inclined to support a bill along the lines of one introduced earlier this month by Rep. Doug Barnard, D-Ga. His bill would apply only to direct-mail solicitations for credit cards.

With Democrats in control of both houses of Congress for the first time in six years, chances for a credit card disclosure bill, along with other consumer protection measures, have improved.

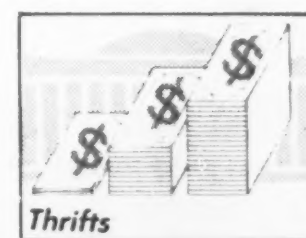
Congress: Page 7 ➡

Bank Board Unveils Eased Capital Rule

Says Formal Statement Reflects Current Practice

By JIM McTAGUE

WASHINGTON — The Federal Home Loan Bank Board says its examiners have been giving kid-glove treatment to financially troubled thrifts in depressed areas for over a year now,



provided the institutions are well managed and have reasonable prospects of turning around.

To prove this and satisfy congressmen from Texas, the Bank Board on Thursday issued a formal policy statement on forbearance for savings institutions in distressed areas of the United States.

The Bank Board hopes the action will speed congressional approval of a plan to recapitalize the Federal Savings and Loan Insurance Corp., which, according to a General Accounting Office report this week, may have been insolvent at the end of 1986. The GAO will testify before the House Banking Committee on the matter next Wednesday.

But one Texas industry official said Thursday that the Bank Board policy didn't sound charitable enough. "Let us have some rinky-dink accounting rules until we can get out of this economic slump," said Tom King, executive vice president of the Texas Savings and Loan League.

The U.S. League of Savings Institutions said it welcomed the forbearance statement and had been recommending such changes in Bank Board policy for some time.

In testimony before a House Banking subcommittee, Federal Reserve Chairman Paul A. Volcker minimized concerns that the FSLIC might use a cash infusion to begin closing down well-

Bank Board: Page 8 ➡

A VIEW FROM OUTSIDE

MARTIN MAYER

The Nonissue of Nonbank Banks

INSURANCE brokering, the Federal Reserve Board has ruled, is not an activity directly incident to banking, and thus a bank holding company may not own an insurance agency. In some states a bank can, and in some states it can't.

(Among the little peculiarities of the dual banking system is that the state-chartered bank inside a bank holding company can perform activities prohibited to the holding company. Thus Toledo Trust, for example, can operate a travel agency as part of its subsidiary bank, but could not legally own a travel agency.)

Federally chartered banks can't incorporate insurance agencies anywhere. But in fact there are branches of Citibank in New York where, if you turn right at the door instead of walking toward the cages, you will find yourself at the desk of an insurance broker. Citicorp doesn't own that brokerage, of course — heaven forbid. It merely leases some space on the banking floor to an insurance agent.

I am not privy to the terms of the lease, but there's nothing in law or custom that would prohibit the agent from paying a share of his fees on the premiums or his profit on the

operation as his rent for the space.

By analogy, let us pretend that I am the nation's largest brokerage house, with clients numbered in the millions.

I want to tie my customers to me more closely by offering them banking services that will not be easily duplicated by other brokerage houses that might hire some of my employees away from me in the historically accurate expectation that customers move with their customers' men.

SO I develop something I call a Cash Management Account, which includes the weekly sweep of customer cash balances into a money market fund, and access to that fund — and to the excess margin behind my customers' stock holdings — through checks and a credit card.

Now, I can't take deposits — heaven forbid — and I can't join a bankers' clearing house or become an end point for Federal Reserve transfers or get my credit card accepted in either of the national systems. For all that, I need a bank.

Fortunately, there's a bank in Ohio, a large processor of Visa cards with excess capacity in its computers, looking to

View: Page 4 ➡

EXECUTIVE CHANGES

Freedom Names Acting President

NEW YORK — Louis Prezeau has been appointed acting president of Freedom National Bank, New York, the nation's fourth largest black-owned financial institution. He succeeds former president Shamia "Tab" Buford, who



Louis E. Prezeau

resigned from the bank. Mr. Prezeau was also named executive vice president/chief operating officer, a promotion from his former position as the bank's executive vice president and cashier. As acting president and chief operating officer, Mr. Prezeau will report to Freedom's board of directors. A native of Haiti, Mr. Prezeau is a graduate of the Bernard Baruch School of Business and is a certified public accountant.

DOUGHERTY, DAWKINS, STRAND & YOST INC., Minneapolis, said former South Dakota Gov. William A. Janklow has joined the investment banking firm as a managing director. Mr. Janklow will focus especially on the formation of capital for economic development programs and state agencies and authorities whose access to capital has become limited by recent changes in federal tax law. The former governor will maintain his South Dakota residency and commute to Minneapolis.

FIRST INTERSTATE BANCORP, Los Angeles, said Richard Puz, formerly an executive vice president with Seafirst Bank in Seattle and Bank of America, has joined the bank holding company as an executive vice president. He will have primary responsibility for the management of First Interstate Mortgage Special Assets.

FIRST TENNESSEE, Chattanooga, hired P. Robert Philp as regional president of First Tennessee-Chattanooga. He succeeds C. Duffy Franck Jr., who is leaving to consider other opportunities. Mr. Philp comes to First Tennessee from Boatmen's Bancshares Inc. of St. Louis, where he managed the firm's Illinois banks.

INTERNATIONAL BUSINESS MACHINES CORP., Armonk, N.Y., elected Arthur J. Hedge Jr. and Ned C. Lautenbach vice presidents and John H. Manningham secretary. Mr. Manningham, who is director of personnel management services, will assume the secretary's responsibilities on July 1, upon the retirement of Thomas C. Irwin. Mr. Hedge is president of IBM's real estate and construction division. Mr. Lautenbach is president of IBM's national distribution division.

NIXON, HARGRAVE, DEVANS & DOYLE, New York, said Alexander D. Hargrave will rejoin the law firm as senior counsel on July 1. Mr. Hargrave retired as chairman of the board of Chase Lincoln First Bank Bank NA, Rochester, N.Y., last July 1. A partner at Nixon Hargrave before becoming executive vice president of Lincoln Rochester Trust Co. in 1963, he had a major role in the merger of Lincoln Rochester and four other upstate New York banks into the Chase Lincoln holding company. He will advise the law firm and its clients on banking, corporate, and other matters.

TCF BANKING AND SAVINGS FA, Minneapolis, said Philip M. Broom, vice president of special support lending, has been promoted to senior vice president.

— Franklin Smith

Chase to Finance Neoax Purchase of Gear Maker

Bank of Oklahoma Takes Control of 11 Drilling Rigs of Near-Bankrupt Company

By PHILIP T. SUDO

NEW YORK — Chase Manhattan Bank will finance the \$70.5 million purchase of Fairfield Manufacturing Co. by Neoax Inc., Neoax officials said Thursday.



Neoax, a diversified manufacturing company based in Lawrenceville, N.J., signed a definitive agreement to purchase Fairfield Manufacturing, a wholly owned subsidiary of Rexnord Inc., on Monday. The cash purchase is expected to be completed in March.

Fairfield Manufacturing, based in Lafayette, Ind., is the largest U.S. manufacturer of custom gears for industrial use, with sales of \$84 million in the year ended Oct. 31, 1986.

Louis A. Guzzetti Jr., president of Neoax, said Fairfield Manufacturing has been engaged in a major restructuring program to improve productivity and quality, but "we believe its quality products and predominant position in the industry make it a company with outstanding profit potential."

Rabobank Nederland BA, New York, and Norwest Bank NA, Des Moines, will provide American Nursery Products Inc. with a \$20 million revolving credit facility.

The Tahlequah, Okla.-based firm said it will use the secured line for working capital, debt restructuring, and other general corporate purposes.

The firm's primary lender had been Citicorp Industrial Credit, but Freddie E. Been, chief financial officer, said, "We grew to the point where we could shop around from a more competitive rate."

American Nursery Products Inc. is principally engaged in the business of growing ornamental plants and trees for wholesale distribution. It owns and leases nursery farm properties and warehouse facilities in Oklahoma, Ala-

bama, Iowa, Oregon, Washington, Florida, and the country of Guatemala.

The new line carries lower interest rates when compared with American Nursery's current facility, Mr. Been said, and will save approximately \$350,000 in interest costs annually.

Most of the credit, \$15 million, comes due Nov. 30, 1987; the remainder will be due Nov. 30, 1989. Rabobank, a Dutch cooperative banking institution, will extend 75% of the line at 1½ points above the Fed funds rate in the interbank market for credit due in '87, and 1¾ points higher on the credit due in '89.

Norwest, a subsidiary of Minneapolis-based Norwest Corp., will charge a quarter-point above its base interest rate on the first loan, and a half point above its base rate for the second.

American Nursery had been paying 9½% on its asset-based loan with Citicorp Industrial Credit, plus a management fee that brought the effective rate to 10½% per annum.

Bank of Oklahoma, Oklahoma City, has assumed control of 11 drilling rigs from Ratliff Drilling Co. as security under a 1978 trust indenture.

Ratliff's holding company, Velma, Okla.-based Ratliff Drilling & Exploration Co., is currently unable to pay debts of more than \$18 million. John B. Smith, a spokesman for the firm, said it may be necessary for Ratliff to file for bankruptcy to ensure an orderly liquidation of the company's assets.

Bank of Oklahoma said it intends to dispose of the rigs and distribute the proceeds to the noteholders as partial satisfaction of Ratliff's debt, although proceeds from the rig sale are expected to be substantially less than the \$5.2 million owed to the noteholders.

Ratliff has surrendered its two remaining rigs and other assets to Liberty National Bank & Trust Co., also of Oklahoma City, in exchange for a credit of \$800,000, to be applied against Ratliff's larger debt to Liberty.

After disposition of the 13 drilling rigs, the remaining assets of Ratliff consist of various spare drilling-rig components of nominal value owned by Ratliff Drilling Co. and a labor contract between Ratliff Drilling Inc., another wholly owned subsidiary, and a foreign company under which Ratliff Drilling Inc. furnishes personnel to operate a drilling rig.

In the opinion of Ratliff's management, the value of the remaining assets is substantially less than would be necessary to satisfy the debts of the company.

First National Bank of St. Paul, the lead bank for First Bank Systems Inc., is in the process of taking possession of all the assets of MRFY Corp. after the trucking firm said it no longer had the funds necessary to continue in business.

MRFY, the St. Paul, Minn.-based parent of Murphy Motor Freight Lines Inc. and Green Streak Services Inc., shut down its operations Wednesday and will file petitions for bankruptcy under Chapter 7 of the bankruptcy code.

Strategic Dates Oct. 1, 1988

THRIFT PARITY POWERS: By this date thrifts in the state of Connecticut should have increased commercial lending power, decreased limitations on personal loans, more power to invest in securities of up to 8% of assets, and permission to engage in other expanded activities. The changes are the result of a thrift parity bill giving thrifts several powers that commercial banks in the state already have.

Location of Foreign Banks' U.S. Offices: The Top 10 Cities

		Total Offices ¹	Agencies	Branches	Commercial Bank Subs.	Edge Act Banks	Represent. Offices	All Other
NEW YORK	6/30/86:	420	33	208	27	8	133	11
	6/30/85:	405	34	195	26	10	129	11
LOS ANGELES	6/30/86:	114	61	17	14	0	22	0
	6/30/85:	111	57	17	14	0	23	0
CHICAGO	6/30/86:	82	0	46	3	3	28	2
	6/30/85:	79	0	44	3	2	29	1
HOUSTON	6/30/86:	71	6	0	0	8	57	0
	6/30/85:	70	0	0	0	10	60	0
SAN FRANCISCO	6/30/86:	67	29	10	9	2	17	0
	6/30/85:	69	33	9	10	2	15	0
MIAMI	6/30/86:	56	32	0	3	11	10	0
	6/30/85:	55	32	0	2	11	10	0
ATLANTA	6/30/86:	24	12	0	0	0	12	0
	6/30/85:	22	12	0	0	0	10	0
DALLAS	6/30/86:	17	2	0	0	1	14	0
	6/30/85:	13	0	0	0	0	13	0
WASHINGTON, D.C.	6/30/86:	16	0	3	0	1	12	0
	6/30/85:	16	0	3	0	1	12	0
SEATTLE	6/30/86:	13	0	11	0	0	2	0
	6/30/85:	13	0	11	0	0	2	0
Total For 10 Largest	6/30/86:	880	175	295	56	34	307	13
	6/30/85:	854	168	279	55	37	303	12
Total for all U.S. Offices	6/30/86:	978	187	325	81	34	336	15
	6/30/85:	938	181	309	75	37	322	14
Total Number of Cities ²	6/30/86:	57	16	17	24	8	30	3
	6/30/85:	55	14	16	21	8	28	4

¹ — Total offices is the sum of agencies, branches, commercial bank subsidiaries, Edge Act banks, representative offices, and all other offices.

² — The number in the first column shows the total number of U.S. cities that have foreign banking offices.

CORRECTED TABLE: Due to a production error, a preliminary version of the table above was published Thursday on page 31. This is the correct version.